



City Of Santa Clara

Background on Proposed
Binding Arbitration
April 11, 2006

Binding Arbitration



Summary

- City received a request from POA and Firefighters' Unions to place a binding interest arbitration ballot measure on the November 2006 Ballot.
- Concurrently the POA and Firefighters' Unions are qualifying the ballot measure via an initiative petition drive to get signatures from Santa Clara registered voters

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Issues for the City

- Historic and fundamental change
- Impacts on many sections of the Charter
- Changes current well-coordinated checks and balance system
- Significant affects now and in the future.

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Current Arbitration Request

"...method of resolving disputes between the City and the union and bargaining groups."

- Proposal is for **binding interest arbitration**
- Upon impasse issues are submitted to outside arbitrator (panel)
- Arbitrator makes final and **binding decision**
- City is obligated to implement

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Ballot Measure Proposal

Provides that the City:

*"...shall negotiate in good faith on **all matters, relating to the wages, hours, and other terms and conditions of City employment**, including the establishment of procedures for the resolution of disputes concerning the interpretation or application of any negotiated agreement."*

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Ballot Measure Proposal

Also states that:

"...all [unresolved] disputes or controversies pertaining to wages, hours, or terms and conditions of employment"... "shall be submitted to binding interest arbitration."

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Issues Could Include...

- Wages
- Salaries
- Benefits
- Retirement pensions
- Discipline procedures
- Grievance processes
- Staffing
- And others

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Big Picture?

- Council and Management responsible to decide and take actions that focus on the the community as a whole.
- Proposal must be evaluated from "big picture" viewpoint, not only from the vantage point of the POA and Firefighters' Unions

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Far Reaching Effects

Major policy issues are involved in this Council decision:

- Local control
- Financial responsibility
- Service levels

**The way the City of Santa Clara
is governed**

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Loss of Budgetary Control

Support of arbitration is a decision to give up control of the City budget.

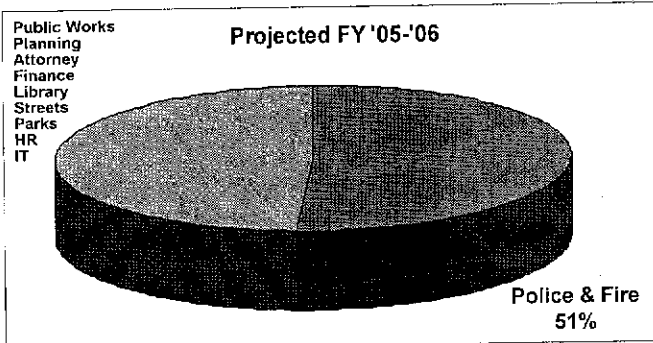
City budget determines:

- City priorities
- Quality and quantity of service to community
- Funds for employee salaries and benefits
- maintenance infrastructures and
- Necessary Capital Improvement Projects

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Loss of Budgetary Control

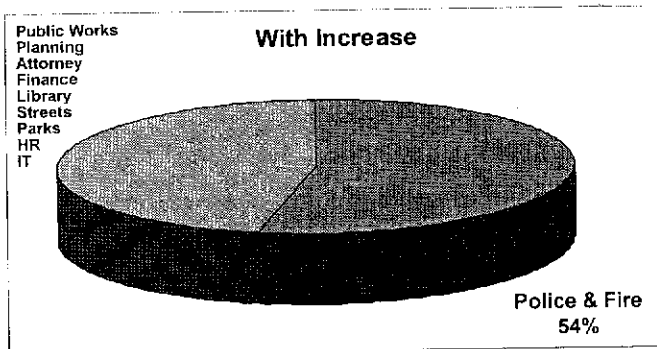
51% of the City's General Fund budget is dedicated to the Police and Fire.



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Loss of Budgetary Control

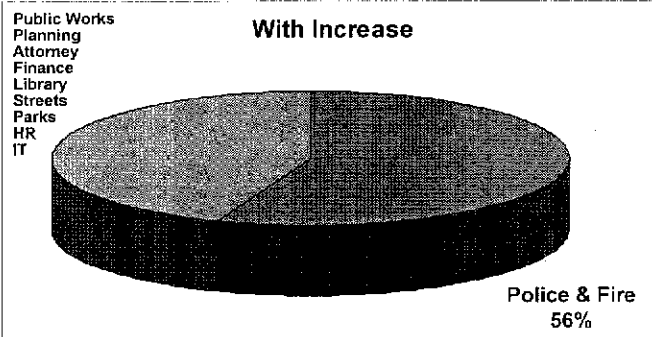
Affects on other departments:



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Loss of Budgetary Control

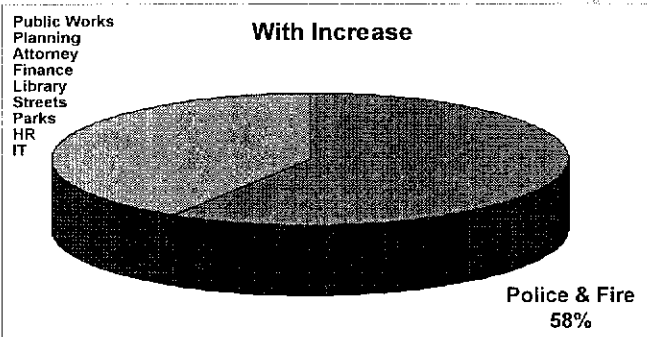
Affects on other departments:



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Loss of Budgetary Control

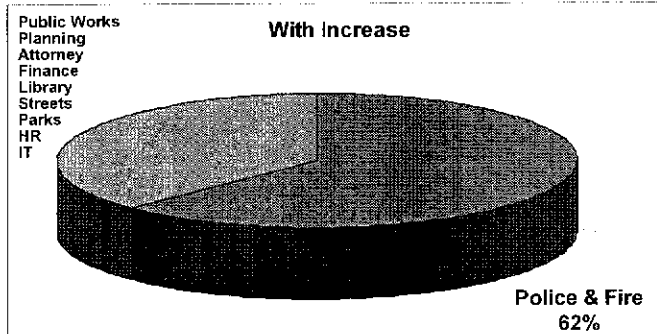
Affects on other departments:



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Loss of Budgetary Control

Affects on other departments:



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Outside Arbitrators...

- Do not know City history
- Have no in-depth knowledge of complex City finances or financial projections.
- Have no experience of working with Santa Clara's complicated budgets requiring tremendous balancing acts to meet various community needs.

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Outside Arbitrators...

- Not elected by the people
- Not accountable to the people
- Not responsible for the ramifications of the decisions they make
- Limit public input

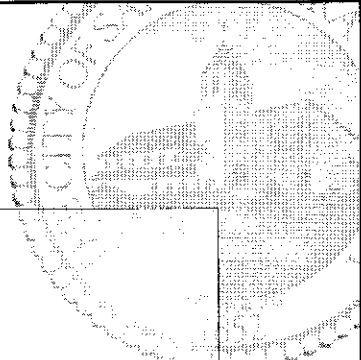
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Outside Arbitrators...

Make pivotal decisions across a very broad spectrum that would:

- Impacts City finances
- Impacts City budgets
- and how the City is operated
- Dictates how taxpayers dollars are spent on salaries and benefits
- Direct how City resolves employee issues

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The City cannot afford to place it's
official decisions in the hands of
outside arbitrator.

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Results

- Award would impact other City department budgets
- Could require tax or fee increases in order to pay for a third-party's determination
- Impact on services

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Legal Analysis

City Attorney's review:

"...proposal is extensive, affecting many aspects of City government functions including financial decisions, operational issues, and personnel issues. Significantly impacts the General Grant of Power to the City Council, a cornerstone of the Charter"

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Other Impacts

- City Manager budget & operational responsibilities
- Police & Fire Chiefs' operational responsibilities
- Civil Service Commission duties and responsibilities
- City Code sections
- Civil Service Rules & Regulations
- Employer Employee Relations Resolution
- Personnel & Salary Resolutions
- MOUs with the POA and Firefighters
- City Manager Directives
- Fire Chief's Directives and Police Chief's Directives

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2003 Negotiations

During the worst financial crisis:

Subsequent meetings were productive and well worth the time commitment, resulting in positive feedback from both public safety employee organization representatives.

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Existing Negotiation Process

- 10 employee organizations negotiate with City related to wages, hours, and working conditions.
- Firefighters and Police are two of the 10 units representing 270 City employees. The other units represent 659 employees.

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Existing Negotiation Process If No Agreement

- Impasse is declared
- Council accepts or rejects written proposals. Rejected, parties back to table for proposals Council will accept
- Council can also direct the parties to mediation
- If still no agreement, public hearing where Council hears the issues. The public comments.
- After, options are: more meet and confer, impose settlement, allow existing while negotiations continue.

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Under current procedures, the final decision is made by the City Council, the body that is directly elected by and accountable to the voters.

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Employer Negotiations Good Faith Agreement

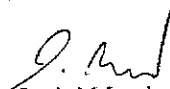
- State law requires good faith bargaining and describes "impasse procedures" if no agreement.
- City is committed to negotiate in good faith with positive resolutions of issues, as stated in the City's "Employer Negotiation Principles"

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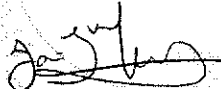
Employer Negotiations Good Faith Agreement



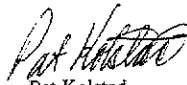
Patricia M. Mahan
Mayor



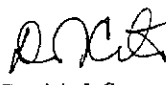
Jamie McLeod
Vice Mayor



Jamie L. Matthews
Council Member



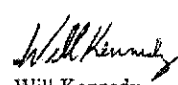
Pat Kolstad
Council Member



Dominic J. Caserta
Council Member



Kevin Moore
Council Member



Will Kennedy
Council Member



Jennifer Sparacino, City Manager

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Strike Prohibition

State law and case law specifically prohibits police officers and firefighters from striking
Since 1989 for Police, and 1959 for Fire

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Fair Treatment

Consistently fair treatment by City Council and City management

- Fair pay and benefits
- Favorable work schedules
- High quality equipment
- Excellent on-going training
- Valued and appreciated in the City organization as well as in the overall Santa Clara community.

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Fair Treatment

Total Compensation of January 1, 2006:

- Five year Firefighter \$142,476/year
- Five year Police \$157,344/year

Traditional processes have been very effective and successful in resolving differences involving labor agreements, wages and benefits, and working conditions for Santa Clara's Fire and Police personnel.

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Cost of Ballot Measure

November 2006 Election	\$57,111
With Petition process	\$2,500
Signature checks, up to	\$19,600
Arbitration costs, up to	<u>\$300,000</u>
	\$???,???

Out of General Fund

Current process costs from
\$85,000 to \$139,000

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Options

- "Note & File" request to place binding interest arbitration on the November 2006 ballot. (Staff recommends this option.)
- Approve the request for November 2006 ballot.
- Council refer Manager to create a process to refer to a City Charter Review Committee.

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Options

Refer Manager for report on current City negotiation steps, define alternatives to binding arbitration not currently in negotiation process.

Examples include:

- Mandatory mediation
- Advisory arbitration
- Interest based bargaining, among others.

None of the options would take away the City Council's final decision-making authority, but would focus on adding new ways to reach successful conclusions to negotiations.

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Options

- Council place a companion measure on the November 2006 ballot that requires voter approval of an arbitrator's award and approval of the funding source, such as a tax increase, to pay for an arbitrator's award.

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Recomendation

Council continue the Agenda item of whether to place ballot measure relating to the City Charter amendment for Police and Fire binding interest arbitration on the November 2006 City of Santa Clara election to the April 25, 2006 Council meeting agenda, with any requests for additional information referred to the City Manager.

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